GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

INTERIM REPORT

2020

CONTENTS

CORPORATE INFORMATION

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RESULTS AND DIVIDEND

For the six months ended 30 June 2020, the Group's total revenue decreased by 4% to RMB33.591 billion and net profit decreased by 6% to RMB3.917 billion over the corresponding period last year.

During the period, revenue and net profit from the Group's main business of property development were RMB30.831 billion and RMB3.465 billion respectively. The increase in revenue was mainly due to an increase in the delivery of area sold to 3.35 million sq.m., representing an increase of 17% over the corresponding period last year. Recurring revenue from property investments and hotel segment during the period was RMB1.862 billion. Profitability from property investments continues to provide an important contribution to the Group with net profit margin (excluding revaluation) of 35.1%. The Board have resolved to declare an interim dividend of RMB0.38 per share.

BUSINESS REVIEW

In the first half of 2020, attention continues to center around the coronavirus ("COVID-19") and ripple effects it has globally and to various sectors in some form or another. Whilst businesses adapt to operating in a backdrop of recurring infection cases, inevitably affecting operation efficiencies of corporations to a certain extent. During the initial outbreak in China, the Group has responded hastily under the supervision of the government, paid special attention to the control of the COVID-19 to ensure that various operation safety measures are in place such that the longer effects of the coronavirus are minimized. Within the Group, there have been no known significant outbreaks in the work place or infections to report, and the implementation of precautionary measures have been highly successful. The Group remains vigilant even as China's domestic infection rates plateau and are maintained under control.

Amidst the backdrop of the COVID-19 and heightened tensions worldwide, economic growth as expected slowed or even turned negative in the first quarter for many countries. In contrast, China's GDP growth recovered to positive in the second quarter due to the overall proper control measures. With lockdowns in place and travel restrictions, international travel as it relates to business and leisure as well as consumption have all been suspended. The dislocation of international economies and lack of interaction was once a norm, with a relatively strong foundation on internal economic circulation, China saw a quicker recovery than other regions to generate positive GDP growth in the second quarter of 3.2%.

In regard to China's property sector, contracted sales and business activity was significantly affected in the first quarter with the implementation of home quarantines and closure of on-site sales. In terms of contracted sales, the sector saw a 25% decline in the first quarter when compared to the same period in 2019 and a negative trend in the first quarter. The decline in contracted sales for the Group reflected a similar trend. However, with the ease of the outbreak and the relaxation of the control measures, contracted sales saw a meaningful rebound. In the second quarter, contracted sales for the sector increased 7% and the Group declined 3%, respectively, versus the same period in 2019. Overall for first half 2020, contracted sales for the sector and the Group declined 5% and 15%, respectively.

The completion rate for the first half contracted sales for the Group was comparable to its peers when taking into account the Group typically launches more projects in the second half. The Group has set an internal contracted sales target of RMB152 billion for 2020 with an expected first half proportion of approximately 25%, accounting for a lower planned project launch schedule and effects of the COVID-19 in the first quarter. After contracted sales recovery in the second quarter, the Group's first half contracted sales was RMB51.06 billion, which was slightly ahead of the sales schedule, or 34% of full year sales target. Contracted sales in the first half was equivalent to approximately 4.26 million sq.m. GFA at an average selling price of approximately RMB11,970 per sq.m. which was largely stable.

With volatility in operating conditions, the key focus for the Group in the first half was on financial stability. To mitigate uncertainty in outlook, the Group actively undertook steps to address near-term maturities to extend debt and loans nearing maturity or calls for redemption. Apart from accessing financial markets, the Group continues to remain disciplined on expenditures, further curtailing the pace of land banking with the current land bank scale being adequate and availability of saleable resources sufficient for near term targets. In the first half, attributable land bank acquired was approximately 2.43 million sq.m. saleable area and contracted cash expenditures were RMB6 billion. Of the land acquired, acquisitions were predominantly focused on land bank replenishment for depleted cities and also quick asset turn projects that generate a cashflow return within 12 months. Key cities where land bank was more active include Guangzhou and Taiyuan. The Group will continue to seek similar land bank opportunities to increase the positive cashflow cycle during each financial period. The current attributable saleable land bank of the Group is approximately 56.83 million sq.m. GFA.

Despite a moderate land banking approach, the Group has made significant progress in conversion of urban redevelopment projects. Although less time efficient, the attractiveness of urban redevelopment is both in terms of higher margins and greater capital efficiency. To date in 2020, the Group has over 80 projects in various stages undergoing urban redevelopment, of which, 92% are in first and second tier cities and 54% are in the Greater Bay Area ("GBA"). Most recently during the first half, the Group converted 3 projects, equivalent to 1.29 million sq.m. GFA to add an additional RMB46 billion of saleable resources. These projects were located in Guangzhou and Changzhi. The Group will continue to convert further urban redevelopment projects in 2020 and over the next 18 months with a target to increase attributable land bank of 9 million sq.m. GFA to generate RMB200 billion of potential saleable resources.

In 2020, the Group has focused on mitigating risks on its balance sheet by seeking opportunities to term out maturities. In February, the Group took advantage of favourable market windows to issue US$400 million of senior notes to redeem USD senior notes maturing in January 2021. The key objective of the exercise was to maintain a similar debt level but extend the maturity. In addition to debt refinancing, the Group has also handled a significant amount of domestic bonds in 2020 thus far. In the first half, the Group handled RMB10.8 billion of domestic bonds which has lowered the overall gearing level. In order to continue to address near-term financing, the Group currently has a combined onshore medium and long term financing quota of approximately RMB18 billion to issue direct financing products in the capital market which issue will be initiated as the financing environment improves. The Group will continue to seek financing opportunities to further improve the credit profile over the next 12 months.

Other financial assets of the Group, such as investment properties and hotels, met with significant challenges as a result of the COVID-19. During difficult conditions, the Group lent its support to affected retailers and businesses who are tenants of the Group's investment portfolio which saw a decline in contribution in the retail sector and a more modest effect on the commercial office assets. The hardest hit segment was the hotel sector especially in the first quarter as business and leisure travel all but came to a halt with quarantine and travel restrictions. Food and beverage services in the hotel sector took a significant hit with business usage and regular visitation halted in compliance with China's control regulations on the coronavirus. However, the Group's hotel performance surprisingly saw a quick recovery in the second quarter as domestic travel reopened for the national holidays as domestic activity picked up and international travel still significantly impeded. The Group expects the strong domestic consumption potential in China, enormous internal economic circulation and policy stimulation from various government levels will provide further support in the recovery of the hospitality and leisure sector. It is encouraging that as at the end of July, the hotels segment has already returned to cashflow positive as result of the improvement of the overall economic environment and adjustment to the Group's hotel operation strategy amidst the COVID-19.

In terms of other investment properties, the Group newly increased a number of investment properties in the first half, contributing an additional approximately RMB2.7 billion of investment property assets, or over 107,000 sq.m. GFA. The newly increased investment properties mainly included retails in Beijing, Nanjing and Chongqing which is expected to contribute to future recurring income. The addition of investment properties will provide greater contribution of recurring revenue each financial year which is more stable in nature.

GOING FORWARD

In the second half, the Group will continue to execute a number of key strategies, including delivering on contracted sales, meeting delivery schedules and deleveraging. The Group has planned for 16 new projects launches in the second half and a total saleable resources of RMB230 billion to support contracted sales targets. Based on available saleable resources and new project launch schedules, management remains cautiously confident it will achieve its annual contracted sales target. To address market volatility and uncertainty, the Group will adopt a more flexible sales strategy based on project selection and pricing flexibility to achieve contracted sales target whilst balancing profitability and cashflow.

Another important objective going forward is to improve the Group's financial profile, both in terms of terming out debt maturity and managing gearing levels. With a reduction of gearing already materialised in the first half, several other initiatives currently being executed and considered will further reduce the gearing levels by the end of the financial year. In addition to initiatives to accelerate the deleveraging, an expected larger profit contribution in the second half will also organically contribute to an improvement in the Group's financial profile. By lowering the overall leverage, management expects the Group to maintain flexibility to weather uncertainty in markets and also control finance costs levels.

ACKNOWLEDGEMENTS

With the added distraction of COVID-19 creating an abnormal operating environment, I am even more appreciative of the support provided by our shareholders, investors, and business affiliates. The uncertainty in market outlook has required an added patience and support needed for management to execute on our strategies to drive the direction of the Group. I would like to extend a word of appreciation to our directors, management and staff during this time of operating uncertainty for their contribution and focus whilst staying safe. The continued commitment of management to persevere on our strategy to deliver on our objectives will be important to deliver another set of robust results in 2020.

Li Sze Lim
Chairman

Hong Kong, 24 August 2020

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

PROPERTY DEVELOPMENT

After over twenty years of rapid development, the Group's businesses cover over 140 cities and regions. As at 30 June 2020, the Group's attributable land bank for GFA was approximately 70,390,000 sq.m. and for saleable area was approximately 56,833,000 sq.m.. During the period, the Group recorded cumulative attributable contracted sales RMB51.06 billion. Completion saleable area was 3,299,000 sq.m., representing approximately 32% of the Group's full year completion target, and maintaining a sufficient project pipeline.

Completion of Properties

Completion in the period of 3,299,000 sq.m. saleable area represented approximately 32% of the Group's expected completion for 2020 of 10,284,000 sq.m. in saleable area. Expected completion in the second half of 2020 is approximately 6,985,000 sq.m. as shown in the following table:

	Completed in 1st half of 2020		To be completed in 2nd half of 2020		2020 Full Year Estimate	
Location	**Approximate GFA (sq.m.)**	**Approximate saleable area (sq.m.)**	**Approximate GFA (sq.m.)**	**Approximate saleable area (sq.m.)**	**Approximate GFA (sq.m.)**	**Approximate saleable area (sq.m.)**
Northern China	921,000	688,000	1,312,000	1,176,000	2,233,000	1,864,000
Eastern China	600,000	399,000	1,091,000	756,000	1,691,000	1,155,000
Northwestern China	813,000	697,000	1,821,000	1,700,000	2,634,000	2,397,000
Southern China	255,000	231,000	954,000	681,000	1,209,000	912,000
Southwestern China	537,000	402,000	598,000	459,000	1,135,000	861,000
Central Southern China	384,000	331,000	753,000	601,000	1,137,000	932,000
Hainan	100,000	96,000	246,000	216,000	346,000	312,000
Overseas	158,000	150,000	717,000	509,000	875,000	659,000
Sub-total	**3,768,000**	**2,994,000**	**7,492,000**	**6,098,000**	**11,260,000**	**9,092,000**
JV (Attributable)	127,000	82,000	264,000	171,000	391,000	253,000
Investment Properties	223,000	223,000	716,000	716,000	939,000	939,000
Total	**4,118,000**	**3,299,000**	**8,472,000**	**6,985,000**	**12,590,000**	**10,284,000**

Contracted Sales

The Group's attributable contracted sales in the first half of 2020 were RMB51.06 billion, with GFA of 4,264,400 sq.m., and the average selling price was approximately RMB11,970 per sq.m.. The contracted sales were generated from 207 projects in 26 provinces (including municipalities and autonomous regions) across 7 regions of China (Northern China, Eastern China, Northwestern China, Southern China, Southwestern China, Central Southern China and Hainan) and 4 overseas countries. On a province basis, contracted sales of Zhejiang, Hainan, Shaanxi, Jiangsu, Chongqing, Guangdong, Shanxi, Inner Mongolia, Liaoning and Hebei were the highest top 10, which contributed approximately RMB38.16 billion, accounting for 75% of total attributable contracted sales of the Group.

Region	Area	Approximate attributable total value (RMB million)	Approximate attributable saleable area sold (sq.m.)
Eastern China	Zhejiang	8,452.0	474,650
	Jiangsu	3,647.1	271,180
	Shanghai	1,289.2	22,940
	Anhui	758.0	90,370
Northern China	Liaoning	2,392.7	280,070
	Hebei	1,780.4	171,500
	Beijing	1,609.8	57,080
	Shandong	1,424.1	147,620
	Tianjin	1,263.6	100,360
	Heilongjiang	1,031.4	63,680
	Henan	588.5	64,240
Northwestern China	Shaanxi	3,964.1	282,020
	Shanxi	2,930.0	288,220
	Inner Mongolia	2,594.5	330,750
	Xinjiang	250.7	23,380
Hainan	Hainan	5,616.0	381,780
Southwestern China	Chongqing	3,414.2	415,100
	Sichuan	440.1	63,960
	Yunnan	271.7	19,660
	Guizhou	225.8	27,330
Southern China	Guangdong	3,368.5	365,140
	Guangxi	246.1	45,540
Central Southern China	Jiangxi	1,258.1	113,860
	Fujian	655.1	57,580
	Hunan	272.0	33,780
	Hubei	140.7	11,710
Overseas	Malaysia	530.1	26,500
	Cambodia	276.1	18,030
	Australia	186.4	15,060
	United Kingdom	184.0	1,310
Total		**51,061.0**	**4,264,400**

Region	Approximate attributable total value (RMB million)	Approximate attributable saleable area sold (sq.m.)
Eastern China	14,146.3	859,140
Northern China	10,090.5	884,550
Northwestern China	9,739.3	924,370
Hainan	5,616.0	381,780
Southwestern China	4,351.8	526,050
Southern China	3,614.6	410,680
Central Southern China	2,325.9	216,930
Overseas	1,176.6	60,900
Total	**51,061.0**	**4,264,400**

Projects Under Development

Projects under development amounted to approximately 32,852,000 sq.m. attributable GFA as at 30 June 2020, details of which are set out below:

Area	Approximate attributable GFA (sq.m.)	Approximate attributable saleable area (sq.m.)
Northern China	8,127,000	5,932,000
Eastern China	4,217,000	2,989,000
Northwestern China	7,330,000	5,306,000
Southern China	4,881,000	3,811,000
Southwestern China	2,089,000	1,557,000
Central Southern China	3,077,000	1,973,000
Hainan	1,084,000	800,000
Overseas	1,171,000	731,000
Sub-total	**31,976,000**	**23,099,000**
Investment Properities	**876,000**	**780,000**
Total	**32,852,000**	**23,879,000**

PROPERTY INVESTMENT

The Group's investment properties portfolio mainly located in tier-1 and tier-2 cities, including Grade-A office buildings, shopping malls, various retail properties, logistic parks and etc.. As of 30 June 2020, the total GFA of investment properties under operation is approximately 2,520,000 sq.m., under development or planning is approximately 2,210,000 sq.m..

HOTEL OPERATION

The Group currently has 90 hotels under operation, total GFA 3,952,200 sq.m. with 27,173 hotel rooms. The 90 hotels are managed by well-known hotel management groups such as Marriott International, Inc., InterContinental Hotels Group, Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Accor Hotels, Wanda Hotels and Resorts Co., Ltd. and other hotel groups. And the Group became the largest deluxe hotel owner globally with a total of 132 hotels of which approximately 42 hotels are under development and under planning.

LAND BANK

During the period, the Group acquired 8 plots of land in 6 cities and regions, with attributable saleable area of approximately 2,428,000 sq.m. and attributable land cost of approximately RMB6.0 billion at approximately RMB3,100 per sq.m..

As at 30 June 2020, the Group's attributable land bank was 70,390,000 sq.m. and 56,833,000 sq.m. in GFA and saleable area, distributed across 103 cities and regions. Details as below:

Location	**Approximate attributable Total GFA (sq.m.)**	**Approximate attributable saleable area (sq.m.)**
Development Properties		
Northern China	15,531,000	12,583,000
Eastern China	7,632,000	5,969,000
Northwestern China	15,524,000	12,697,000
Southern China	7,096,000	6,113,000
Southwestern China	6,084,000	5,024,000
Central Southern China	6,963,000	5,841,000
Hainan	2,930,000	2,589,000
Overseas	6,270,000	3,807,000
Sub-total	**68,030,000**	**54,623,000**
Investment Properties	**2,360,000**	**2,210,000**
Total	**70,390,000**	**56,833,000**

FINANCIAL REVIEW

The Group's net profit for the six months ended 30 June 2020 decreased to RMB3.917 billion, from RMB4.170 billion for the corresponding period last year. Revenue from the Group's core business of property development accounted for 92% of the Group's total revenue and amounted to RMB30.831 billion. Compared to the previous period, net profit from property development (excluding foreign exchange losses) decreased by 3%, based on a delivery of 3,350,000 sq.m. in terms of saleable area in the period. Profit from property investment, not including any fair value gains from investment properties and revaluation gains on investment properties transferred from completed properties held for sale, was RMB164 million. Fair value gains and revaluation gains in the period amounted to RMB2.293 billion. Revenue from hotel operations decreased to RMB1.396 billion from RMB3.342 billion due to the negative impact of COVID-19.

The following comments on the components of the income statement, with the exception of #7 (on finance costs) and #9 (on net profit), relate only to property development:

1. Revenue increased by 3% to RMB30.831 billion, from RMB29.975 billion in the same period in 2019. The amount of saleable area sold increased by 17% to 3,350,000 sq.m. from 2,873,000 sq.m. in previous period and the properties are located in 101 cites. The overall average selling price decreased by 12%, from RMB10,400 per sq.m. to RMB9,200 per sq.m.. This decrease in overall average selling price was due to marketing strategies of lowering prices to promote sales. The top three projects, R&F Tianxi City in Taiyuan, R&F City in Harbin and R&F City in Chongqing, which individually had revenue of over RMB1.3 billion and a combined revenue of RMB4.8 billion or 16% of total revenue and carried average selling price from RMB8,100 to RMB9,700 per sq.m.. Based on revenue distribution by cities in the period, Taiyuan has the highest revenue among all cities where the Group operates. It accounted for 9% of total revenue. In terms of amount, revenue in Taiyuan amounted to RMB2.766 billion and was mainly derived from R&F Tianxi City. Chongqing's revenue ranked second with revenue amounted to RMB2.209 billion in the period, equivalent to 7% in total. Ningbo ranked third with revenue amounted to RMB1.782 billion. These top three cities ranked by revenue in the period, Taiyuan, Chongqing and Ningbo, together accounted for 22% of total revenue as compared to 20% from the top three cities (Wuxi, Chongqing and Yueqing) in the previous period. The remaining 78% of revenue for this period was contributed by the other 98 cities in which the Group operated, the more significant of which were Baotou, Harbin, Huhhot, Zibo, Shanghai, and Huizhou contributed more than RMB1 billion each.

   The following is the summary of revenue by city:

City	Amount of turnover (in RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/sq.m.)
Taiyuan	2,766	283,000	9,770
Chongqing	2,209	288,800	7,650
Ningbo	1,782	121,500	14,670
Baotou	1,521	229,200	6,640
Harbin	1,427	169,800	8,400
Huhhot	1,293	159,900	8,090
Zibo	1,219	102,700	11,880
Shanghai	1,149	22,900	50,100
Huizhou	1,095	136,700	8,010
Wuxi	906	50,500	17,940
Tangshan	904	92,700	9,760

City	Amount of turnover (in RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/sq.m.)
Beijing	847	46,600	18,180
Hainan	821	60,600	13,540
Hangzhou	798	40,700	19,580
Tongliao	744	150,300	4,950
Tianjin	735	113,000	6,510
Longyan	629	61,900	10,170
Guiyang	545	52,100	10,470
Meizhou	519	87,300	5,940
Huzhou	496	44,100	11,250
Malaysia	463	25,800	17,940
Zhenjiang	438	26,600	16,420
Ziyang	390	67,900	5,740
Australia	373	10,700	34,790
Shangrao	347	44,100	7,880
Huaibei	293	35,600	8,230
Zhuhai	293	23,600	12,410
Qingdao	291	39,200	7,430
Zouping	280	30,100	9,320
Shenyang	268	38,500	6,980
Jiujiang	238	42,400	5,630
Cambodia	231	15,800	14,630
Leshan	223	37,600	5,940
Datong	218	46,300	4,710
Anshan	218	34,000	6,410
Nanjing	216	29,100	7,400
Nantong	212	27,700	7,630
Wenzhou	208	18,800	11,100
Xi'an	207	23,600	8,760
Handan	197	24,800	7,940
Yueqing	193	11,000	17,580
Jiangmen	184	21,600	8,520
Guangzhou	184	22,500	8,210
Dongying	151	29,600	5,100
Linfen	147	17,400	8,480
Nanchang	141	12,800	10,960
Urumqi	119	11,100	10,690
Lechang	112	28,300	3,960
Chengdu	108	18,000	5,970
Yangjiang	105	14,900	7,050
Qinhuangdao	100	15,300	6,540
Others	1,278	191,000	6,670
Total	**30,831**	**3,350,000**	**9,200**

2. Cost of goods sold consists of land and construction costs, capitalised finance costs and levy and business tax. For the current period, land and construction costs made up 91% of the Group's total costs. In terms of costs per sq.m., land and construction costs decreased to RMB5,560 from RMB5,830 in the previous period. A main reason for this decrease was that, compared to previous period, a larger portion of the period's total revenue came from delivery of housing projects with lower land and construction costs. The second and third projects with highest revenue, R&F City in Harbin and R&F City in Chongqing, both carried low land and construction costs of average RMB4,010 per sq.m.. Capitalised interest included in the period's cost of goods sold amounted to RMB1,697 million representing approximately 8% of total costs. As a percentage of revenue from sale of properties, capitalised interest was 6%. The cost of goods sold also included RMB195 million of levy and business tax, making up 1% of costs.

3. Overall gross margin for the period was 33.5%, as compared to 41.0% in the same period in 2019. The top five cities ranked by revenue in the period, Taiyuan, Chongqing, Ningbo, Baotou and Harbin, accounted for 31% of total revenue. The gross margins of those cities were 26.1%, 43.8%, 38.3%, 35.6% and 41.1% respectively.

4. Other income and other gains-net were mainly the result of interest income and gains on disposals of subsidiaries and certain equity interests in an associate.

5. Selling and administrative expenses for the period decreased by 9% or RMB315 million, to RMB3.047 billion. This decrease was due to tighter cost control. Selling and administrative expenses as a percentage of revenue decreased to 9.9% from 11.2%.

6. The share of result of associates was mainly derived from the Group's 35% interests in Zhengzhou Wulong New Town and R&F Jianye Shangyue Court project and 30% interests in Longyan R&F Jianfa Shangyue Court project. The share of results of joint ventures were mainly from 33.34% interests in Guangzhou Liedecun project, 25% interests in Tianjin Jinnan New Town project, 50% interests in Hines Shanghai New Jiangwan project, 60% interests in Guiyang R&F Center project, 50% interests in Nanning Fuya Business Park project, 50% interests in Guangzhou R&F Tianhai Wan project and 17.5% interests in Tianjin Liuhe Ming Zhu project. These nine projects mentioned had a combined turnover of RMB672 million.

7. Finance costs increased 41% to RMB3.392 billion for the period (1H 2019: RMB2.408 billion), which includes total interest expenses of RMB7.076 billion, early redemption premium for senior notes of RMB56 million and net foreign exchange losses of RMB1.125 billion incurred in the period and after deducting capitalised interest of RMB4.865 billion to development projects. The 12% increase in total interest expenses was related to an increase of average borrowings outstanding to RMB206.6 billion from RMB185.2 billion in the previous corresponding period. Together with RMB1.700 billion charged to cost of goods sold related to capitalised interest, the total finance costs incurred during the period amounted to RMB5.092 billion.

8. Land appreciation tax (LAT) of RMB1.374 billion (1H 2019: RMB1.855 billion) and Enterprise Income Tax of RMB1.181 billion (1H 2019: RMB1.516 billion) brought the Group's total income tax expenses for the period to RMB2.555 billion. As a percentage of revenue, LAT decrease to 4.5% from 6.2% for the same period in 2019. The effective enterprise income tax rate was 25% (1H 2019: 25%).

9. Overall, the Group's net profit margin for the period was stable at 11.7% (1H 2019: 11.9%).

Financial resources and liquidity

At 30 June 2020, total cash including amounts restricted for specified usage was RMB36.00 billion (31 December 2019: RMB38.44 billion). With total borrowings at the end of the period amounted to RMB187.74 billion (31 December 2019: RMB197.14 billion), net debt decreased to RMB151.74 billion from RMB158.70 billion at 31 December 2019. Net debt to total equity ratio decreased to 176.7% at 30 June 2020 from 198.9% at 31 December 2019.

During the six months ended 30 June 2020, new bank borrowings of RMB18.23 billion have been procured at interest rate ranging from 4.25% to 9.75% while bank borrowings repaid amounted to RMB19.72 billion. The effective interest rate of the total bank borrowings portfolio at 30 June 2020 was 5.75% (31 December 2019: 5.54%). Other than RMB25.68 billion domestic corporate bonds with interest rates from 3.95% to 7.20%, RMB6.50 billion domestic non-public bonds ranging from 6.3% to 7.7%, RMB1 billion medium-term notes at 5.50% and offshore USD5.10 billion senior notes ranging from 5.75% to 9.125%, most of the borrowings were in RMB and at floating interest rate bench marked to rates published by the People's Bank of China. The Group considered the RMB interest rate environment relatively stable and with the Group's borrowings substantially in RMB that matched income and assets predominantly in RMB, the Group did not consider it necessary to hedge either its interest rate or currency exposure.

Charge on assets

As at 30 June 2020, assets with total carrying values of RMB133.30 billion and the Group's shares of certain subsidiaries were pledged to secure bank loans and other borrowings amounted to RMB106.53 billion (31 December 2019: RMB107.88 billion).

Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability counter-guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificate of the properties concerned. As at 30 June 2020, such guarantees totalled RMB96.23 billion, increased by 7% from RMB89.74 billion as at 31 December 2019.

Employee and remuneration policies

As of 30 June 2020, the Group had approximately 39,244 employees (30 June 2019: 59,021). The total staff costs incurred were approximately RMB1.46 billion during the six months ended 30 June 2020. The Group provides competitive remuneration and employees are rewarded on a performance basis within the general framework of the Group's salary and bonus system. Job-related training is also provided from time to time.

OTHER INFORMATION

INTERIM DIVIDEND PAYMENT AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared an interim dividend for the six months ended 30 June 2020 (the "Interim Dividend") of RMB0.38 per share to shareholders whose names appear on the register of members of the Company as at the close of business on 18 September 2020. The Interim Dividend will be paid on 30 October 2020.

The H share register of members of the Company will be closed from 14 September 2020 (Monday) to 18 September 2020 (Friday) (both dates inclusive), during which period no transfer of H shares will be registered. In order to establish entitlements to the Interim Dividend, all the share transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 11 September 2020 (Friday).

According to the Company's articles of association (the "Articles of Association"), dividend payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company's domestic shares shall be paid in RMB, whereas dividends payable to holders of the Company's H shares shall be in Hong Kong Dollar. The exchange rate to be adopted shall be the average closing rate of the one-week period preceding the date of declaration of dividend as announced by the People's Bank of China. The Interim Dividend is also subject to PRC withholding tax.

The average of the closing exchange rates for RMB to Hong Kong Dollar as announced by the People's Bank of China for the one-week period prior to 24 August 2020, the date on which the Interim Dividend was declared, was RMB0.893474 to HK$1.00. Accordingly, the amount of Interim Dividend payable per H share is HK$0.425306.

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation regulations (the "EIT Law"), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual enterprise, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company's H share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Computershare Hong Kong Investor Services Limited in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (關於國稅發(1993) 045號文件廢止後有關個人所得稅徵管問題的通知) (the "Notice") issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general.

However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and Mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H shares whose names appear on the H share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

PROFIT DISTRIBUTION TO INVESTORS OF SOUTHBOUND TRADING

For investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange (the "Southbound Trading"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited ("China Securities"), pursuant to which, China Securities, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depositary and clearing system. The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2016] No. 127), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

All investors are requested to read this part carefully. Shareholders are recommended to consult their taxation advisors regarding their holding and disposing of H shares of the Company for the PRC, Hong Kong and other tax effects involved.

The Company has appointed Bank of China (Hong Kong) Trustee Limited as the receiving agent in Hong Kong and will pay to the receiving agent the Interim Dividend for payment to holders of H shares on 30 October 2020. Cheques will be dispatched to holders of H shares by ordinary post at their own risk.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2020. The Company's auditor, PricewaterhouseCoopers, has also reviewed the unaudited condensed consolidated interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

SHARE CAPITAL

The shareholding structure of the Company as at 30 June 2020 was as follows:

Class of shares	No. of shares	Percentage
Domestic shares	2,207,108,944	63.14%
H shares	1,288,258,400	36.86%
Total	3,495,367,344	100.00%

DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2020, the beneficial interests and short positions of the directors, chief executive and supervisors of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")), which are required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 30 June 2020 were as follows:

		Number of shares				
Director/ Supervisor	**Class of shares**	**Personal**	**Spouse or child under 18**	**Corporate interest**	**Total number of shares held at the end of the period**	**Approximate percentage of interests in the total share capital Note**
Li Sze Lim	Domestic share	1,045,092,672				
	H share	21,000,000	5,000,000	16,000,000	1,087,092,672	31.10%
Zhang Li	Domestic share	1,005,092,672	20,000,000			
	H share	6,632,800			1,031,725,472	29.52%
Zhou Yaonan	Domestic share	22,922,624			22,922,624	0.66%
Zhang Hui	H share	1,894,800			1,894,800	0.05%
Li Helen	H share	1,003,600			1,003,600	0.03%
Ng Yau Wah, Daniel	H share	588,000			588,000	0.02%
Chen Liangnuan	Domestic share	20,000,000			20,000,000	0.57%

Note:

The Company's total number of issued shares as at 30 June 2020 was 3,495,367,344 of which 2,207,108,944 shares are domestic shares held by domestic shareholders, accounting for 63.14% of the total share capital of the Company and 1,288,258,400 shares were held by the holders of H shares, accounting for 36.86% of the total share capital of the Company.

(b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

Director	Name of associated corporation	Type	No. of shares	Percentage of total issued capital
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. ("Tianfu") (Note 1)	Corporate	N/A	7.50%
	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli") (Note 2)	Corporate	N/A	34.64%
	Easy Tactic Limited ("Easy Tactic") (Note 3)	Corporate	N/A	N/A
Zhang Li	Tianfu (Note 1)	Corporate	N/A	7.50%
	Fushengli (Note 2)	Corporate	N/A	34.64%
Li Helen	Easy Tactic (Note 4)	Corporate	N/A	N/A

Notes:

1. Tianfu is 15% and 85% owned by Century Land Properties Limited and the Company respectively. Century Land Properties Limited is beneficially owned by Dr. Li Sze Lim and Mr. Zhang Li at 50% each.

2. Fushengli is 70% and 30% owned by Well Bright International Limited and Guangzhou Tianli Construction Co., Ltd. respectively. Guangzhou Tianli Construction Co., Ltd. is a subsidiary of the Company. Well Bright International Limited is 51% and 49% owned by Guangdong South China Environmental Protection Investment Co., Ltd. and Sparks Real Estate Holdings Limited respectively. Each of Dr. Li Sze Lim and Mr. Zhang Li owns 49% of Guangdong South China Environmental Protection Investment Co., Ltd.. Sparks Real Estate Holdings Limited is beneficially owned by Dr. Li Sze Lim and Mr. Zhang Li at 50% each.

3. Dr. Li Sze Lim, (a) has an interest in (i) US$2,000,000 of the US$800 million 7% senior notes due 2021 issued by Easy Tactic, a wholly-owned subsidiary of the Company; and (ii) US$2,000,000 of the US$375 million 8.75% senior notes due 2021 issued by Easy Tactic; and (b) through his spouse, has an interest in (i) US$14,000,000 of the US$375 million 8.625% senior notes due 2024 issued by Easy Tactic; (ii) US$10,000,000 of the US$875 million 8.125% senior notes due 2023 issued by Easy Tactic; (iii) US$49,500,000 of the US$450 million 8.125% senior notes due 2024 issued by Easy Tactic; and (iv) US$50,000,000 of the US$400 million 8.625% senior notes due 2024 issued by Easy Tactic.

4. Ms. Li Helen, through Pleasant View Limited which is 100% owned by her, has an interest in (i) US$1,050,000 of the US$800 million 7% senior notes due 2021 issued by Easy Tactic; (ii) US$500,000 of the US$375 million 8.625% senior notes due 2024 issued by Easy Tactic; and (iii) US$1,000,000 of the US$400 million 8.625% senior notes due 2024 issued by Easy Tactic.

Save as disclosed above, as at 30 June 2020, none of the directors, chief executive or supervisors of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2020, so far as the directors are aware, only the following persons (other than the directors, chief executive and supervisors of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

Name of shareholder	Type of share	Number of shares (Note 1)	Approximate percentage of interests in H shares (Note 2)
Citigroup Inc.	H share	93,961,944 (L)	7.29%
		19,911,295 (S)	1.54%
		70,373,480 (P)	5.46%
BlackRock, Inc.	H share	84,383,503 (L)	6.55%
		2,838,000 (S)	0.22%

Notes:

1. The letters "L", "S" and "P" respectively denote a long position, short position and lending pool in the shares.
2. 1,288,258,400 shares were held by the holders of H shares, accounting for 36.86% of the total share capital of the Company.

Save as disclosed above, as at 30 June 2020, no other persons' (other than the directors', chief executive's and supervisors') interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

BOARD COMPOSITION AND PRACTICE

The Board consists of nine members, including four executive directors: Dr. Li Sze Lim, Chairman, Mr. Zhang Li, Co-chairman and chief executive officer, Mr. Zhou Yaonan and Mr. Zhang Hui; two non-executive directors: Ms. Zhang Lin (the sister of Mr. Zhang Li) and Ms. Li Helen (the sister of Dr. Li Sze Lim); and three independent non-executive directors: Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong. Save as disclosed, there is no business or other relationship among members of the Board, and in particular between the chairman and the chief executive officer of the Company. The structure, size and composition of the Board will be reviewed from time to time to ensure that the Board retains a mix of balanced skills and expertises to provide effective leadership of the Company according to the board diversity policy of the Company.

All directors have entered into a service contract with the Company for a specific term of three years. They are all subject to retirement from office by rotation and re-election at the general meeting once every three years in accordance with the Articles of Association.

The Board is fully responsible for the formulation of business policies and strategies in relation to the business operations of the Group, including dividend policy and risk management strategies. It is also responsible for the adoption of internal business and management control as well as the monitoring of the effectiveness of its control measures.

All directors, including non-executive directors and independent non-executive directors, have devoted sufficient time and effort to serve the business affairs of the Company. All non-executive directors and independent non-executive directors possess appropriate academic and professional qualifications and related management experience and have contributed to the Board with their professional advice. Pursuant to the requirement of Rule 3.10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, the Company has three independent non-executive directors, one of whom has appropriate professional qualifications in accounting and financial management. The Company has received from each of the independent non-executive directors an annual confirmation of independence.

The notice of Board meeting will be given to all directors at least 14 days prior to the date of meeting. All directors are given opportunities to include any matters they would like to discuss in the agenda. The joint company secretaries are responsible to the Board for ensuring that all board procedures are followed, and detailed minutes of the Board meetings are prepared, circulated and approved. The joint company secretaries are also responsible for the Company's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, SFO and other applicable laws, rules and regulations.

The Company continuously updates all directors on the latest development regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

The positions of the chairman and the chief executive officer are held by separate individuals with the view to maintaining an effective segregation of duties.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND SUPERVISORS OF THE COMPANY

The Company has adopted the Model Code laid out in Appendix 10 to the Listing Rules as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the six months ended 30 June 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to enhancing its corporate governance practices and procedures. It complies strictly with the PRC Company Law and other applicable laws and regulations. In particular, it has observed the principles and code provisions set out under the Corporate Governance Code and Corporate Governance Report as stated in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2020.

AUDIT COMMITTEE

The audit committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control, risk management and financial reporting matters of the Group. There were no disagreements from the audit committee or the external auditors on the accounting policies adopted by the Company.

The audit committee comprises Mr. Wong Chun Bong (chairman of the audit committee) and Mr. Zheng Ercheng who are independent non-executive directors of the Company and Ms. Li Helen who is a non-executive director of the Company. The audit committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2020. The Company's auditor, PricewaterhouseCoopers, has also reviewed the unaudited condensed consolidated interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

REMUNERATION COMMITTEE

The remuneration committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The committee comprises Mr. Zheng Ercheng (chairman of the remuneration committee), Dr. Li Sze Lim, and Mr. Ng Yau Wah, Daniel. The principal responsibilities of the remuneration committee include the reviewing and making of recommendation to the Board on the Company's policies, structure and specific remuneration packages of directors and senior management of the Company.

The remuneration committee has reviewed the compensation payable to all directors and senior management in accordance with the contractual terms and that such compensation is fair and not excessive to the Company.

NOMINATION COMMITTEE

The nomination committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The committee comprises three directors: Dr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Wong Chun Bong. Dr. Li Sze Lim is the chairman of the committee.

The nomination committee is responsible for the formulation of nomination policy for the consideration of the Board and implementing the policy approved by the Board. Specific responsibilities include, among others, review the structure, size and composition of the Board according to the Board diversity policy, identify and nominate candidates to fill causal vacancies of directors and make recommendations to the Board in respect of succession planning.

SHAREHOLDERS RELATION

The Company has established different communication channels with its shareholders. Apart from general meetings, annual reports, interim reports, circulars and announcements as required under the Listing Rules, shareholders are encouraged to visit the website of the Company which is updated with the most recent key information of the Group. The Company also holds regular press conferences and briefing meetings with analysts.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	**Unaudited 30 June 2020**	Audited 31 December 2019
ASSETS			
Non-current assets			
Intangible assets	7	**1,238,003**	1,281,393
Investment properties	7	**36,752,858**	33,469,576
Property, plant and equipment	7	**41,900,069**	35,091,574
Right-of-use assets	7	**10,582,589**	10,774,952
Interests in joint ventures	8	**10,443,599**	10,795,165
Interests in associates	9	**1,495,035**	644,329
Deferred income tax assets		**11,810,449**	10,346,768
Financial assets at fair value through other comprehensive income	5	**923,695**	1,042,442
Trade and other receivables and prepayments	10	**117,469**	162,469
		115,263,766	103,608,668
Current assets			
Properties under development		**172,565,349**	167,399,023
Completed properties held for sale		**56,968,301**	55,313,790
Inventories		**1,044,411**	969,621
Trade and other receivables and prepayments	10	**51,323,359**	57,729,973
Contract assets		**1,255,733**	963,907
Tax prepayments		**3,238,867**	2,905,530
Restricted cash	11	**18,093,773**	15,531,531
Cash and cash equivalents		**17,901,509**	22,904,275
		322,391,302	323,717,650
Total assets		**437,655,068**	427,326,318

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	**Unaudited 30 June 2020**	Audited 31 December 2019
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	**873,842**	873,842
Other reserves		**13,523,682**	8,258,874
Retained earnings		**69,004,047**	68,225,177
		83,401,571	77,357,893
Non-controlling interests		**2,493,947**	2,441,232
Total equity		**85,895,518**	79,799,125
LIABILITIES			
Non-current liabilities			
Long-term borrowings	13	**112,936,807**	134,870,694
Lease liabilities		**132,054**	132,013
Deferred income tax liabilities		**10,214,315**	8,221,383
		123,283,176	143,224,090
Current liabilities			
Accruals and other payables	14	**88,286,654**	83,905,870
Contract liabilities		**44,431,570**	38,899,448
Current income tax liabilities		**18,986,408**	19,159,511
Dividend payable		**1,898,114**	–
Short-term borrowings	13	**7,783,152**	14,116,659
Current portion of long-term borrowings	13	**67,020,101**	48,153,395
Lease liabilities		**70,375**	68,220
		228,476,374	204,303,103
Total liabilities		**351,759,550**	347,527,193
Total equity and liabilities		**437,655,068**	427,326,318

The notes on pages 28 to 63 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	**2020**	2019
Revenue	6	**33,591,036**	35,053,257
Cost of sales		**(23,664,462)**	(22,089,336)
Gross profit		**9,926,574**	12,963,921
Other income	15	**383,230**	435,028
Other gains – net	16	**3,615,126**	452,439
Selling and marketing costs		**(1,226,510)**	(1,366,014)
Administrative expenses		**(2,596,655)**	(3,091,630)
Allowance for impairment losses on financial and contract assets		**(21,085)**	(2,747)
Operating profit		**10,080,680**	9,390,997
Finance costs	17	**(3,392,052)**	(2,407,639)
Share of results of associates		**(10,724)**	99,874
Share of results of joint ventures		**(49,394)**	330,382
Profit before income tax		**6,628,510**	7,413,614
Income tax expenses	18	**(2,711,522)**	(3,243,898)
Profit for the period		**3,916,988**	4,169,716
Profit attributable to:			
– Owners of the Company		**3,792,275**	4,027,584
– Non-controlling interests		**124,713**	142,132
		3,916,988	4,169,716
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)		**1.0849**	1.2499

The notes on pages 28 to 63 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2020	2019
Profit for the period	**3,916,988**	4,169,716
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss		
– Share of other comprehensive loss of joint ventures accounted for using the equity method	**(136,663)**	(7,370)
– Currency translation differences	**48,078**	(893)
Items that will not be reclassified to profit or loss		
– Change in fair value of financial assets at fair value through other comprehensive income, net of tax	**54,682**	35,868
Other comprehensive (loss)/income for the period, net of tax	**(33,903)**	27,605
Total comprehensive income for the period	**3,883,085**	4,197,321
Total comprehensive income for the period attributable to:		
– Owners of the Company	**3,758,372**	4,055,189
– Non-controlling interests	**124,713**	142,132
	3,883,085	4,197,321

The notes on pages 28 to 63 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited					
	Attributable to owners of the Company					
	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December (as previously stated)	873,842	8,258,874	68,225,177	77,357,893	2,441,232	79,799,125
Effect of changes in accounting policies (Note 3(c))	–	5,341,538	–	5,341,538	–	5,341,538
Balance at 1 January 2020	873,842	13,600,412	68,225,177	82,699,431	2,441,232	85,140,663
Profit for the period	–	–	3,792,275	3,792,275	124,713	3,916,988
Other comprehensive income	–	(33,903)	–	(33,903)	–	(33,903)
Total comprehensive income for the period ended 30 June 2020	–	(33,903)	3,792,275	3,758,372	124,713	3,883,085
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	(26,735)	26,735	–	–	–
Transactions with owners						
Disposals of subsidiaries	–	–	–	–	(7,174)	(7,174)
Changes in ownership interests in subsidiaries without change of control	–	(50,217)	–	(50,217)	(64,824)	(115,041)
Transfer to statutory reserves	–	34,125	(34,125)	–	–	–
Dividends	–	–	(3,006,015)	(3,006,015)	–	(3,006,015)
Total transactions with owners	–	(16,092)	(3,040,140)	(3,056,232)	(71,998)	(3,128,230)
Balance at 30 June 2020	873,842	13,523,682	69,004,047	83,401,571	2,493,947	85,895,518

	Unaudited					
	Attributable to owners of the Company					
	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2019	805,592	4,864,287	62,581,085	68,250,964	1,609,620	69,860,584
Profit for the period	–	–	4,027,584	4,027,584	142,132	4,169,716
Other comprehensive income	–	27,605	–	27,605	–	27,605
Total comprehensive income for the period ended 30 June 2019	–	27,605	4,027,584	4,055,189	142,132	4,197,321
Transactions with owners						
Acquisition of subsidiaries	–	–	–	–	9,971	9,971
Capital contributions from non-controlling interests	–	–	–	–	54,600	54,600
Dividends	–	–	(2,674,565)	(2,674,565)	–	(2,674,565)
Total transactions with owners	–	–	(2,674,565)	(2,674,565)	64,571	(2,609,994)
Balance at 30 June 2019	805,592	4,891,892	63,934,104	69,631,588	1,816,323	71,447,911

The notes on pages 28 to 63 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(All amounts in RMB Yuan thousands unless otherwise stated)

	Six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
Cash flows from operating activities		
– Cash generated from/(used in) operations	**8,951,901**	(14,660,521)
– Interest paid	**(7,328,969)**	(6,073,239)
– Enterprise income tax and land appreciation tax paid	**(4,554,458)**	(5,342,460)
Net cash used in operating activities	**(2,931,526)**	(26,076,220)
Cash flows from investing activities		
– Purchases of property, plant and equipment	**(619,883)**	(758,768)
– Purchases of intangible assets	**(75,505)**	(235,972)
– Additions of right-of-use assets	**(14,657)**	(101,012)
– Additions of investment properties	**(256,606)**	(333,156)
– Proceeds on disposals of property, plant and equipment	**2,049**	754
– Proceeds on disposals of intangible assets	**–**	1,651
– Proceeds on disposals of right-of-use assets	**–**	–
– Acquisition of subsidiaries, net of cash acquired	**(5,416)**	(457,616)
– Disposal of subsidiaries, net of cash	**(711,906)**	–
– Dividend received from a joint venture	**50,010**	–
– Investments in financial assets at fair value through other comprehensive income, joint ventures and associates	**(18,000)**	(92,400)
– Cash repayments from joint ventures and associates	**5,678,046**	1,954,196
– Cash advances to related parties	**(2,858,159)**	(2,110,948)
– Dividends received on financial assets at fair value through other comprehensive income and an associate	**–**	7,409
– Proceeds from disposals of financial assets at fair value through other comprehensive income	**184,238**	22,633
– Interest received	**217,872**	261,010
Net cash generated from/(used in) investing activities	**1,572,083**	(1,842,219)
Cash flows from financing activities		
– Proceeds from borrowings, net of transaction costs	**33,442,544**	58,007,633
– Repayments of borrowings	**(41,803,870)**	(26,100,098)
– Repayments of principal of lease liabilities	**(46,516)**	(72,198)
– (Increase)/decrease in guarantee deposits for borrowings	**(8,938)**	564,196
– Cash advances from related parties	**5,828,600**	–
– Purchases of non-controlling interests	**(115,041)**	–
– Capital contributions from non-controlling interests	**–**	54,600
– Dividends paid to owners of the Company	**(992,803)**	(880,120)
Net cash (used in)/generated from financing activities	**(3,696,024)**	31,574,013
Net (decrease)/increase in cash and cash equivalents	**(5,055,467)**	3,655,574
Cash and cash equivalents at the beginning of the period	**22,904,275**	19,782,883
Exchange gains	**52,701**	19,948
Cash and cash equivalents at the end of the period	**17,901,509**	23,458,405

The notes on pages 28 to 63 form an integral part of this condensed consolidated interim financial information.

(All amounts in RMB Yuan thousands unless otherwise stated)

1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No.10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

This condensed consolidated interim financial information is presented in RMB Yuan (RMB), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 24 August 2020.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the 2019 financial statements as described therein.

(a) New and amended standards and interpretation adopted by the Group

The following new or amended standards and interpretation are mandatory for the first time for the financial year beginning on 1 January 2020.

Standards	**Subject**
Amendments to HKAS 1 and HKAS 8	Definition of Material
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The standards, amendments and interpretation did not have a material impact or are not relevant to the Group.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. ACCOUNTING POLICIES (continued)

(b) New and amended standards and interpretation not yet adopted by the Group

Certain new and amended standards have been issued and are not effective for financial year beginning 1 January 2020 and have not been early adopted by the Group. None of these is expected to have a significant effect on the Group.

Standards	Subject	Effective for annual periods beginning on or after
Amendment to HKFRS 16	Practical Expedient for Lessees on COVID-19 Rent Concessions	1 June 2020
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2022
Amendment to HKAS 16	Proceeds before Intended Use	1 January 2022
Amendment to HKAS 37	Cost of Fulfilling a Contract	1 January 2022
Amendment to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual improvements to HKFRS Standards 2018-2020	Annual improvements to HKFRS Standards 2018-2020 affecting HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

(c) Changes in accounting policy for subsequent measurement for hotel buildings

In previous years, the Group's hotel buildings were carried in the consolidated balance sheet at historical cost less accumulated depreciation and impairment losses. The directors reassessed the appropriateness of this accounting policy and concluded that by using the revaluation model under HKAS 16, the consolidated financial statements would provide reliable and more relevant information about the Group's results and financial position, as fair value is more useful information to financial statement users and it makes the Group more comparable to other market players.

Consequently, the Group changed its accounting policies on hotel buildings to follow the revaluation model under HKAS 16 with effective from 1 January 2020, which has been accounted for prospectively.

Subsequent to above change, hotel buildings are stated at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is performed with sufficient regularity by independent professional qualified valuers. Changes arising on the revaluation are dealt with in other comprehensive income and are accumulated in the revaluation reserve, except that, when a deficit arises on revaluation, it will be charged to the profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to revaluation.

When a surplus arises on revaluation, it will be credited to the profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

When a revalued asset is sold, the amount included in the revaluation reserve is transferred to retained earnings.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. ACCOUNTING POLICIES (continued)

(c) Changes in accounting policy for subsequent measurement for hotel buildings (continued)

The effect of the changes in accounting policies to the condensed consolidated interim financial information of the Group is as follows:

	As at 1 January 2020
Increase in property, plant and equipment	7,122,051
Decrease in deferred income tax assets	364,346
Increase in deferred income tax liabilities	1,416,167
Increase in revaluation reserve	5,341,538

	Six months ended 30 June 2020
Increase in depreciation	**122,258**
Decrease in income tax expenses	**30,565**
Decrease in profit for the period	**91,693**
Decrease in basic and diluted earnings per share	**0.0262**

4. JUDGEMENTS AND ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.2 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents, including proceeds from pre-sale of properties, short-term and long-term borrowings, available funding through adequate amount of credit lines for which the Group has obtained non-binding letters of intent or strategic cooperation letters from certain domestic banks, to meet its construction and investment commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include controlling investment in land banks, adjusting project development timetable to adapt to the changing local real estate market environment, implementing cost control measures, accelerating sales of properties with more flexible pricing, seeking joint venture partners to co-develop quality projects, and disposing of certain hotel or investment properties with acceptable prices to the Group. The Group will, based on its assessment of the relevant costs and benefits, pursue such options as appropriate.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 30 June 2020					
Borrowings (Note (1))	**89,238,740**	**42,208,374**	**63,586,649**	**28,989,159**	**224,022,922**
Lease liabilities	**79,767**	**50,466**	**54,909**	**44,252**	**229,394**
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	**49,182,678**	**–**	**–**	**–**	**49,182,678**
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	**90,127,566**	**–**	**–**	**–**	**90,127,566**
Guarantees in respect of borrowings of joint ventures and associates	**2,131,252**	**1,406,902**	**1,673,346**	**888,482**	**6,099,982**
At 31 December 2019					
Borrowings (Note (1))	75,372,331	57,348,805	77,349,707	27,755,665	237,826,508
Lease liabilities	77,391	45,908	60,242	47,357	230,898
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	43,312,395	–	–	–	43,312,395
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	85,042,299	–	–	–	85,042,299
Guarantees in respect of borrowings of joint ventures and associates	2,946,792	1,636,436	116,368	–	4,699,596

Note:

(1) Interest on borrowings is calculated on borrowings held as at 30 June 2020 and 31 December 2019 respectively. Floating-rate interest is estimated using the current interest rate as at 30 June 2020 and 31 December 2019 respectively.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.3 Credit risk

The extent of the Group's maximum exposure to credit risk in relation to financial assets is the aggregate carrying value of cash deposits in banks, trade and other receivables and contract assets.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking information.

5.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generated from operations and may raise funding through capital market or bank borrowings as necessary.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the condensed consolidated interim balance sheet) less cash and cash equivalents and restricted cash.

	As at	
	30 June 2020	31 December 2019
Total borrowings (Note 13)	**187,740,060**	197,140,748
Less: cash and cash equivalents	**(17,901,509)**	(22,904,275)
restricted cash	**(18,093,773)**	(15,531,531)
Net debt	**151,744,778**	158,704,942
Total equity	**85,895,518**	79,799,125
Gearing ratio	**176.7%**	198.9%

(All amounts in RMB Yuan thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.5 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follow:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2020 and 31 December 2019 by level of the inputs to valuation techniques used to measure fair value.

	As at	
	30 June 2020	31 December 2019
Financial assets at fair value through other comprehensive income ("FVOCI")		
Level 1	**815,655**	935,996
Level 3 (Note (a))	**108,040**	106,446
	923,695	1,042,442

Note:

(a) Financial instruments in level 3

The fair value of the Group's investment in unlisted private funds recognised as financial assets at FVOCI was revalued as at 30 June 2020 by an independent and professionally qualified valuer. The valuation is performed based on the market approach by reference to quoted market prices for similar instruments, maximising the use of observable market data where it is available and relying as little as possible on entity specific estimates. The financial assets at FVOCI were included in level 3 as the valuation involves the use of certain factors (unobservable inputs) to adjust the data derived from increasingly volatile markets to arrive at the estimated fair value for these unquoted equity investments. The fair value gain on the equity investments was included in "other comprehensive income".

If the market price had been lower than management estimates by 5% with other variables held constant, the carrying amount of the financial assets at FVOCI would have been lowered by RMB5,040,200.

There were no transfers between level 1, level 2 and level 3 and no changes in valuation techniques during the period.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.5 Fair value estimation (continued)

	Six months ended 30 June	
	2020	2019
Financial assets at FVOCI		
Opening balance	**1,042,442**	627,967
Disposals	**(184,238)**	(22,633)
Fair value gains recognised as other comprehensive income	**65,491**	47,555
Closing balance	**923,695**	652,889

5.6 Fair value of financial assets and liabilities measured at amortised cost

The fair values and carrying amounts of public domestic bonds and senior notes are disclosed in Note 13.

The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables
- Restricted cash
- Cash and cash equivalents
- Accruals and other payables
- Borrowings except for public domestic bonds and senior notes

6. SEGMENT INFORMATION

(a) Description of segments and principal activities

The chief operating decision-maker has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purpose of allocating resources and assessing performance.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in property development, property investment and hotel operations. Other services provided by the Group mainly represent property management. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the period. The information provided to the Executive Directors is measured in a manner consistent with that in the financial statements.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. SEGMENT INFORMATION (continued)

(b) Segment performance

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2020 and 2019 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2020					
Segment revenue	30,831,124	551,954	1,428,337	1,445,802	34,257,217
Recognised at a point in time	19,499,707	–	–	–	19,499,707
Recognised over time	11,331,417	–	1,428,337	1,445,802	14,205,556
Revenue from other sources – rental income	–	551,954	–	–	551,954
Inter-segment revenue	–	(86,043)	(32,231)	(547,907)	(666,181)
Revenue from external customers	30,831,124	465,911	1,396,106	897,895	33,591,036
Profit/(loss) for the period	3,465,024	1,884,205	(935,654)	(496,587)	3,916,988
Finance costs	(2,891,021)	(129,909)	(364,337)	(6,785)	(3,392,052)
Income tax (expenses)/credits	(2,555,476)	(631,534)	302,730	172,758	(2,711,522)
Share of results of associates	(7,901)	–	–	(2,823)	(10,724)
Share of results of joint ventures	(49,097)	–	–	(297)	(49,394)
Depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets	(213,082)	–	(733,643)	(78,838)	(1,025,563)
Amortisation of incremental costs for obtaining contracts with customers	(153,021)	–	–	–	(153,021)
(Allowance for)/reversal of impairment losses on financial and contract assets	(22,641)	–	(6,241)	9,906	(18,976)
Revaluation gains on investment properties transferred from completed properties held for sale – net of tax	–	1,495,616	–	–	1,495,616
Fair value gains on investment properties – net of tax	–	224,947	–	–	224,947

(All amounts in RMB Yuan thousands unless otherwise stated)

6. SEGMENT INFORMATION (continued)

(b) Segment performance (continued)

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2020 and 2019 are as follows (continued):

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2019					
Segment revenue	29,974,542	635,038	3,380,398	1,801,648	35,791,626
Recognised at a point in time	18,509,109	–	–	–	18,509,109
Recognised over time	11,465,433	–	3,380,398	1,801,648	16,647,479
Revenue from other sources – rental income	–	635,038	–	–	635,038
Inter-segment revenue	–	(69,400)	(38,791)	(630,178)	(738,369)
Revenue from external customers	29,974,542	565,638	3,341,607	1,171,470	35,053,257
Profit/(loss) for the period	4,582,073	569,301	(420,230)	(561,428)	4,169,716
Finance costs	(1,872,811)	(104,115)	(426,903)	(3,810)	(2,407,639)
Income tax (expenses)/credits	(3,371,235)	(189,210)	139,883	176,664	(3,243,898)
Share of results of associates	99,876	–	–	(2)	99,874
Share of results of joint ventures	330,975	–	–	(593)	330,382
Depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets	(165,726)	–	(751,198)	(66,638)	(983,562)
Amortisation of incremental costs for obtaining contracts with customers	(226,412)	–	–	–	(226,412)
(Allowance for)/reversal of allowance for impairment losses on financial and contract assets	(1,122)	–	(4,137)	2,512	(2,747)
Fair value gains on investment properties – net of tax	–	326,797	–	–	326,797

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the condensed consolidated interim income statement.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. SEGMENT INFORMATION (continued)

(b) Segment performance (continued)

	Property development	Property investment	Hotel operations	All other segments	Group
As at 30 June 2020					
Segment assets	**336,290,764**	**36,752,858**	**47,624,445**	**4,252,857**	**424,920,924**
Segment assets include:					
Interests in joint ventures	**10,443,337**	**–**	**–**	**262**	**10,443,599**
Interests in associates	**517,939**	**–**	**–**	**977,096**	**1,495,035**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**459,099**	**256,606**	**96,211**	**253,289**	**1,065,205**
Segment liabilities	**125,558,053**	**–**	**1,857,872**	**5,504,728**	**132,920,653**
As at 31 December 2019					
Segment assets	336,074,309	33,469,576	41,326,815	5,066,408	415,937,108
Segment assets include:					
Interests in joint ventures	10,790,634	–	–	4,531	10,795,165
Interests in associates	559,409	–	–	84,920	644,329
Additions to non-current assets (other than financial instruments and deferred income tax assets)	1,010,208	604,535	1,016,462	532,268	3,163,473
Segment liabilities	118,777,992	–	1,684,789	2,542,770	123,005,551

(All amounts in RMB Yuan thousands unless otherwise stated)

7. CAPITAL EXPENDITURE

	Intangible assets	Investment properties	Property, plant and equipment: Other owned assets	Property, plant and equipment: Hotel buildings	Right-of-use assets
Six months ended 30 June 2020					
At 31 December 2019 as originally presented	**1,281,393**	**33,469,576**	**7,597,594**	**27,493,980**	**10,774,952**
Effect of changes in accounting policies (Note 3(c))	–	–	–	7,122,051	–
Restated at 1 January 2020	**1,281,393**	**33,469,576**	**7,597,594**	**34,616,031**	**10,774,952**
Additions	75,506	256,606	625,160	–	65,900
Acquisition of subsidiaries	–	–	32,425	–	9,608
Disposals of subsidiaries	(5,017)	–	(55,797)	–	–
Disposals	(20,942)	–	(90,274)	–	(12,719)
Transfer from assets under construction to properties under development	–	–	(89,446)	–	(24,245)
Transfer from completed properties held for sale to investment properties	–	734,105	–	–	–
Revaluation gains on investment properties transferred from completed properties held for sale	–	1,994,155	–	–	–
Fair value gains (included in other gains – net)	–	298,416	–	–	–
Depreciation and amortisation	(92,932)	–	(133,269)	(595,749)	(230,907)
Currency translation differences	(5)	–	(6,606)	–	–
At 30 June 2020	**1,238,003**	**36,752,858**	**7,879,787**	**34,020,282**	**10,582,589**
Six months ended 30 June 2019					
As at 1 January 2019	1,110,022	29,019,386	5,911,807	28,276,337	10,796,679
Additions	235,972	333,156	538,320	325,215	220,081
Acquisition of subsidiaries	1	–	201,111	–	30,961
Disposals	(3,962)	–	(3,432)	–	–
Fair value gains (included in other gains – net)	–	435,172	–	–	–
Depreciation and amortisation	(72,410)	–	(184,248)	(536,804)	(218,549)
Currency translation differences	2	–	270	–	–
At 30 June 2019	1,269,625	29,787,714	6,463,828	28,064,748	10,829,172

(a) Investment properties

The Group's investment properties were valued at transfer or business acquisition dates, and at 30 June 2020 by independent and professionally qualified valuers, who hold relevant recognised professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates the highest and best use.

There were no changes to the valuation techniques during the current period. The valuation were arrived at by reference to certain significant unobservable inputs such as term yield, reversionary yields, market rents and market price.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. At 30 June 2020 and 31 December 2019, the Group had only level 3 investment properties.

7. CAPITAL EXPENDITURE (continued)

(b) Hotel buildings

Valuation processes of the Group

As disclosed in Note 3(c), the Group measured its hotel buildings at fair value as at 1 January 2020 with the assistance of an independent qualified valuer not related to the Group.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management.

Regarding fair value of the hotel buildings as at 1 January 2020, the finance department:

- Verified all major inputs to the independent valuation report
- Held discussions with the independent valuer
- Performed calculation when applicable

As at 30 June 2020, management did not revaluate the hotel buildings considering that the carrying amount does not differ materially from that which would be determined using fair value.

Valuation techniques

Fair value of the Group's hotel buildings is mainly the remaining balance after deduction of fair value of hotel lands from the fair value of hotel properties, which include land and buildings. Valuation of hotel properties and hotel lands were performed by the independent valuer.

The fair value of hotel properties, including land and building, is generally derived using the discounted cash flow approach, which derives the fair value by discounting the future net cash flow of hotel property to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for similar type of properties.

Fair value of hotel lands is determined using the direct comparison method. The key inputs under this approach are the price per square metre from recent year sales of comparable lands in the subject localities (with similar location and size).

(All amounts in RMB Yuan thousands unless otherwise stated)

7. CAPITAL EXPENDITURE (continued)

(b) Hotel buildings (continued)

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair value at 1 January 2020	Unobservable inputs	Range of inputs at 1 January 2020	Relationship of unobservable inputs to fair value
Hotel buildings	34,616,031	Hotel properties-Discount rates	7.5%-8.0%	The higher the discount rates, the lower the fair value of hotel properties
		Hotel properties-Terminal capitalisation rates	5.0%	The higher the terminal capitalisation rates, the lower the fair value of hotel properties
		Hotel properties – Occupancy rates	62.0%-92.0%	The higher the occupancy rates, the higher the fair value of hotel properties
		Hotel properties-Revenue growth rates	2.5%-3.0%	The higher the revenue growth rates, the higher the fair value of hotel properties
		Hotel lands-Market price (RMB/square metre)	466-13,614	The higher the market price, the higher the fair value of hotel lands

8. INTERESTS IN JOINT VENTURES

	Six months ended 30 June	
	2020	2019
At 1 January	**10,795,165**	10,265,788
Additions	**500,204**	2,000
Disposal	**(3,971)**	–
Share of results	**(49,394)**	330,382
Dividends declared by a joint venture	**(650,130)**	–
Share of other comprehensive income	**(136,663)**	(7,370)
Elimination of unrealised profits	**(11,612)**	(35,809)
At 30 June	**10,443,599**	10,554,991

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INTERESTS IN ASSOCIATES

	Six months ended 30 June	
	2020	2019
At 1 January	**644,329**	390,718
Additions	**924,400**	79,900
Disposal	**(62,852)**	–
Share of results	**(10,724)**	99,874
Elimination of unrealised profits	**(118)**	(549)
At 30 June	**1,495,035**	569,943

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2020	31 December 2019
Trade receivables – net	**10,182,727**	12,770,597
Other receivables – net	**22,566,521**	26,000,869
Prepayments	**10,083,987**	9,977,766
Capitalised costs to obtain sales contracts	**1,143,416**	975,054
Due from joint ventures	**4,588,758**	4,813,263
Due from associates	**2,872,950**	3,347,806
Due from entities jointly controlled by major shareholders of the Company	**2,469**	7,087
Total	**51,440,828**	57,892,442
Less: non-current portion	**(117,469)**	(162,469)
Current portion	**51,323,359**	57,729,973

As at 30 June 2020, trade receivables were mainly derived from sale of properties. Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements.

(All amounts in RMB Yuan thousands unless otherwise stated)

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

	As at	
	30 June 2020	31 December 2019
Trade receivables – current portion		
– Due from third parties	**10,335,439**	12,974,899
– Due from joint ventures	**146,575**	123,795
– Due from an associate	**–**	25
– Due from entities jointly controlled by major shareholders of the Company	**4,825**	23
	10,486,839	13,098,742
Less: allowance for impairment	**(304,112)**	(328,145)
	10,182,727	12,770,597

At 30 June 2020 and 31 December 2019, the ageing analysis of trade receivables is as follows:

	As at	
	30 June 2020	31 December 2019
Up to 1 year	**8,442,760**	11,348,983
1 year to 2 years	**1,201,790**	926,685
2 years to 3 years	**366,307**	309,451
Over 3 years	**475,982**	513,623
	10,486,839	13,098,742

11. RESTRICTED CASH

	As at	
	30 June 2020	31 December 2019
Guarantee deposits for construction of pre-sold properties (Note (a))	**11,536,701**	9,606,277
Guarantee deposits for borrowings (Note (b))	**3,385,234**	3,375,432
Guarantee deposits for interest of senior notes (Note (c))	**1,364,131**	1,327,716
Guarantee deposits for urban redevelopment (Note (d))	**944,377**	24,627
Guarantee deposits for salary payments for construction workers (Note (e))	**309,341**	375,077
Guarantee deposits for construction payables (Note (f))	**253,969**	290,557
Others	**300,020**	531,845
	18,093,773	15,531,531

11. RESTRICTED CASH (continued)

Notes:

(a) In accordance with relevant documents, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for the constructions of related properties. The deposits can only be used for payments of construction costs of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related properties.

(b) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings.

(c) According to the relevant contracts, the Group is required to place at a designated bank account certain cash deposits as security for payment of interest of senior notes. Such guarantee deposits will only be released after redemption of senior notes.

(d) In accordance with relevant contract of urban redevelopment, the Group is required to place at a designated bank account certain cash deposits that can only be used for the payment of the relocation compensation and the construction. Such guarantee deposits will only be released after completion of the redevelopment project.

(e) In accordance with relevant government documents, certain companies of the Group are required to place at a designated bank account certain cash deposits as security for salary payments for construction workers. Such guarantee deposits will only be released after completion of the construction of relevant properties.

(f) According to the relevant construction contracts, certain property development companies of the Group are required to place at designated bank accounts certain amount of the construction payables as deposits as cash collateral. Such guarantee deposits will only be released after settlement of the construction payables.

12. SHARE CAPITAL

	Number of shares (thousands)	Share capital
At 30 June 2020 and 31 December 2019		
– Domestic shares	2,207,109	551,777
– H shares*	1,288,258	322,065
	3,495,367	873,842

* H shares refer to the Company's shares listed on The Main Board of Stock Exchange of Hong Kong Limited.

As at 30 June 2020 and 31 December 2019, the registered, issued and fully paid capital of the Company was RMB873,842,000 divided into 3,495,367,000 shares, comprising 2,207,109,000 domestic shares and 1,288,258,000 H shares.

(All amounts in RMB Yuan thousands unless otherwise stated)

13. BORROWINGS

	As at 30 June 2020	31 December 2019
Non-current		
Long-term borrowings		
Bank borrowings (Note (a))		
– Secured	**79,272,372**	75,657,595
– Unsecured	**10,746,486**	11,547,269
	90,018,858	87,204,864
Domestic bonds (Note (b))		
– Unsecured	**32,187,765**	39,561,938
Medium-term notes (Note (c))		
– Unsecured	**999,839**	1,998,817
Senior notes (Note (d))		
– Secured	**35,703,358**	34,607,114
Other borrowings (Note (e))		
– Secured	**19,927,088**	19,651,356
– Unsecured	**1,120,000**	–
	21,047,088	19,651,356
Total long-term borrowings	**179,956,908**	183,024,089
Less: current portion of long-term borrowings	**(67,020,101)**	(48,153,395)
	112,936,807	134,870,694
Current		
Short-term borrowings		
Bank borrowings (Note (a))		
– Secured	**4,905,415**	8,781,133
– Unsecured	**248,000**	548,000
	5,153,415	9,329,133
Super & Short-term Commercial Papers (Note (f))		
– Unsecured	**–**	999,883
Other borrowings (Note (e))		
– Secured	**2,424,856**	3,787,643
– Unsecured	**204,881**	–
	2,629,737	3,787,643
Total short-term borrowings	**7,783,152**	14,116,659
Current portion of long-term borrowings	**67,020,101**	48,153,395
Total borrowings	**187,740,060**	197,140,748

(All amounts in RMB Yuan thousands unless otherwise stated)

13. BORROWINGS (continued)

(a) Bank borrowings

(i) Movements in bank borrowings are analysed as follows:

	Six months ended 30 June	
	2020	2019
At 1 January	**96,533,997**	84,689,685
Additions	**18,226,300**	20,931,954
Acquisition of subsidiaries	**–**	119,989
Repayments	**(19,722,767)**	(17,103,819)
Currency translation difference	**134,743**	(57,796)
At 30 June	**95,172,273**	88,580,013

The effective interest rate of bank borrowings is 5.75% (six months ended 30 June 2019: 5.58%).

(b) Domestic bonds

(i) 2015 Public Bonds

The Company issued 65,000,000 units of corporate bonds at a par value of RMB6.5 billion in the PRC on 13 July 2015 (the "2015 Public Bonds"). These corporate bonds have been listed on the Shanghai Stock Exchange and will mature after five years from the issue date.

On 13 July 2018, the Company early redeemed 62,545,820 units of 2015 Public Bonds at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 7.00% per annum for the remaining periods. The carrying amount of the remaining 2015 Public Bonds amounted to RMB245,418,000.

(ii) 2016 Public Bonds

The Company issued 60,000,000 units of corporate bonds at a par value of RMB6.0 billion in the PRC on 11 January 2016 (the "Original 2016 Public Bonds"). The Company further issued 36,000,000 units of corporate bonds at a par value of RMB3.6 billion in the PRC on 22 January 2016 (the "Additional 2016 Public Bonds I"). The interest rates of the Original 2016 Public Bonds and Additional 2016 Public Bonds I were fixed at 3.95% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rates for the remaining periods. The Original 2016 Public Bonds and Additional 2016 Public Bonds I will mature after five years from the respective issue dates, and are puttable for early redemption at the principal amount upon the third anniversary of the respective issue dates.

On 11 January 2019, the Company adjusted the interest rates for the Original 2016 Public Bonds to 7.20% per annum for the remaining periods. On 22 January 2019, the Company adjusted the interest rates for the Additional 2016 Public Bonds I to 7.00% per annum for the remaining periods. No early redemption has occurred.

13. BORROWINGS (continued)

(b) Domestic bonds (continued)

(ii) 2016 Public Bonds (continued)

The Company further issued 19,500,000 units of corporate bonds at a par value of RMB1.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Public Bonds II"). The interest rate of the Additional 2016 Public Bonds II was fixed at 3.48% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Public Bonds II will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

On 7 April 2019, the Company adjusted the interest rate to 6.70% for the Additional 2016 Public Bonds II per annum for the remaining periods.

The Company further issued 9,500,000 units of corporate bonds at a par value of RMB0.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Public Bonds III" and, together with the Original 2016 Public Bonds, the Additional 2016 Public Bonds I and II, the "2016 Public Bonds"). The interest rate of the Additional 2016 Public Bonds III was fixed at 3.95% per annum. On the fifth anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Public Bonds III will mature after seven years from the issue date, and are puttable for early redemption at the principal amount upon the fifth anniversary of the issue date.

The carrying amount of the remaining 2016 Public Bonds as at 30 June 2020 amounted to RMB12,449,088,000.

(iii) 2016 Non-public Bonds

The Company issued 46,000,000 units of non-public bonds at a par value of RMB4.6 billion in the PRC on 16 May 2016 (the "Original 2016 Non-public Bonds"). The interest rate of the Original 2016 Non-public Bonds was fixed at 5.20% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Original 2016 Non-public Bonds will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third, the fourth or the fifth anniversary of the issue date.

On 16 May 2019, the Company adjusted the interest rates for the Original 2016 Non-public Bonds to 6.80% per annum for the remaining periods.

On 15 May 2020, the Company redeemed 32,860,000 units of the Original 2016 Non-public Bonds. The interest rate was fixed at 6.80% per annum for the remaining periods.

The Company further issued 104,000,000 units of non-public bonds at a par value of RMB10.4 billion in the PRC on 30 May 2016 (the "Additional 2016 Non-public Bonds I"). The interest rate of the Additional 2016 Non-public Bonds I was fixed at 5.15% per annum. On the second anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds I will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

13. BORROWINGS (continued)

(b) Domestic bonds (continued)

(iii) 2016 Non-public Bonds (continued)

On 30 May 2018, the Company redeemed 84,700,000 units of the Additional 2016 Non-public Bonds I at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 6.50% per annum for the remaining periods. On 29 May 2020, the Company redeemed the remaining 19,300,000 units of the Additional 2016 Non-public Bonds I at a redemption price equal to 100% of the principal amount.

The Company further issued 93,000,000 units of non-public bonds at a par value of RMB9.3 billion in the PRC on 29 June 2016 (the "Additional 2016 Non-public Bonds II"). The interest rate of the Additional 2016 Non-public Bonds II was fixed at 5.00% per annum. On the second anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds II will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

On 29 June 2018, the Company redeemed 85,000,000 units of the Additional 2016 Non-public Bonds II at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 7.50% per annum for the remaining periods. On 28 June 2020, the Company redeemed the remaining 8,000,000 units of the Additional 2016 Non-public Bonds II at a redemption price equal to 100% of the principal amount.

The Company further issued 57,000,000 units of non-public bonds at a par value of RMB5.7 billion in the PRC on 19 October 2016 (the "Additional 2016 Non-public Bonds III" and, together with the Original 2016 Non-public Bonds, the Additional 2016 Non-public Bonds I and II, the "2016 Non-public Bonds"). The interest rate of the Additional 2016 Non-public Bonds III was fixed at 4.39% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds III will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

On 19 October 2019, the Company redeemed 14,052,000 units of the Additional 2016 Non-public Bonds III at a redemption price equal to 100% of the principal amount. The interest rate was adjusted to 7.40% per annum for the remaining periods.

The carrying amount of the remaining 2016 Non-public Bonds as at 30 June 2020 amounted to RMB4,253,800,000.

13. BORROWINGS (continued)

(b) Domestic bonds (continued)

(iv) 2018 Non-public Bonds

The Company issued 10,000,000 units of non-public bonds at a par value of RMB1 billion in the PRC on 30 May 2018 (the "2018 Non-public Bonds I"). The interest rate of the 2018 Non-public Bonds I was fixed at 6.80% per annum. On the first and the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds I will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first and the second anniversary of the issue date.

On 30 May 2019, the Company did not adjust the interest rate for 2018 Non-public Bonds I for the remaining periods. On 30 May 2020, 10,000,000 units of the 2018 Non-public Bonds I was early redeemed and resold.

The Company issued 5,000,000 units of non-public bonds at a par value of RMB0.5 billion in the PRC on 26 June 2018 (the "2018 Non-public Bonds II"). The interest rate of the 2018 Non-public Bonds II was fixed at 7.30% per annum. On the first and the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds II will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first and the second anniversary of the issue date.

On 24 June 2019, the Company adjusted the interest rates for the 2018 Non-public Bonds II to 6.60% per annum for the remaining periods.

On 29 June 2020, 4,400,000 units of the 2018 Non-public Bonds II was early redeemed and resold. The Company adjusted the interest rates for the 2018 Non-public Bonds II to 6.80% per annum for the remaining periods.

The Company issued 12,000,000 units of non-public bonds at a par value of RMB1.2 billion in the PRC on 17 September 2018 (the "2018 Non-public Bonds III"). The interest rate of the 2018 Non-public Bonds III was fixed at 7.30% per annum. On the first and the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds III will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first and the second anniversary of the issue date.

On 16 September 2019, the Company redeemed 200,000 units of the 2018 Non-public Bonds III at a redemption price equal to 100% of the principal amount. The interest rate maintained at 7.00% per annum for the remaining periods.

The Company issued 5,500,000 units of non-public bonds at a par value of RMB0.55 billion in the PRC on 17 September 2018 (the "2018 Non-public Bonds IV", and, together with the 2018 Non-public Bonds I, II and III, the "2018 Non-public Bonds"). The interest rate of the 2018 Non-public Bonds IV was fixed at 7.70% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds IV will mature after four years from the issue date and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The carrying amount of the remaining 2018 Non-public Bonds as at 30 June 2020 amounted to RMB1,751,732,000.

13. BORROWINGS (continued)

(b) Domestic bonds (continued)

(v) 2018 public Bonds

The Company issued 40,000,000 units of corporate bonds at a par value of RMB4 billion in the PRC on 3 December 2018 (the "Original 2018 Public Bonds"). The interest rate of the 2018 Public Bonds was fixed at 6.58% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The Original 2018 Public Bonds will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The Company further issued 70,200,000 units of corporate bonds at a par value of RMB7.02 billion in the PRC on 3 January 2019 (the "Additional 2018 Public Bonds", and, together with the Original 2018 Public Bonds, the "2018 Public Bonds"). The interest rate of the Additional 2018 Public Bonds was fixed at 7.00% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The Additional 2018 Public Bonds will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The carrying amount of the remaining 2018 Public Bonds as at 30 June 2020 amounted to RMB11,011,686,000.

(vi) 2019 Public Bonds

The Company issued 15,800,000 units of corporate bonds at a par value of RMB1.58 billion in the PRC on 8 May 2019 (the "2019 Public Bonds I"). The interest rate of the 2019 Public Bonds I was fixed at 5.60% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2019 Public Bonds I will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The Company further issued 4,000,000 units of corporate bonds at a par value of RMB0.4 billion in the PRC on 8 May 2019 (the "2019 Public Bonds II", and, together with the 2019 Public Bonds I, the "2019 Public Bonds"). The interest rate of the 2019 Public Bonds II was fixed at 6.48% per annum. On the third anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2019 Public Bonds II will mature after five years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The carrying amount of the 2019 Public Bonds as at 30 June 2020 amounted to RMB1,976,949,000.

(vii) 2020 Non-public Bonds

The Company issued 10,000,000 units of corporate bonds at a par value of RMB1 billion in the PRC on 23 April 2020 (the "2020 Non-public Bonds I"). The interest rate of the 2020 Non-public Bonds I was fixed at 6.30% per annum. The 2020 Non-Public Bonds I will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The carrying amount of the 2020 Non-Public Bonds as at 30 June 2020 amounted to RMB499,092,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

13. BORROWINGS (continued)

(b) Domestic bonds (continued)

(viii) Fair value and movement of domestic bonds

The fair values of the 2015 Public Bonds, 2016 Public Bonds, 2018 Public Bonds and 2019 Public Bonds as at 30 June 2020 amounted to RMB24,808,346,000 in total. The fair values were determined by reference to the price quotations published on the last trading day of the period ended 30 June 2020 and were within level 1 of the fair value hierarchy.

The movements of domestic bonds are set out below:

	Six months ended 30 June	
	2020	2019
At 1 January	**39,561,938**	32,989,149
Additions	**499,000**	8,973,660
Redemption	**(7,882,650)**	(100,000)
Interest charged (Note 17)	**1,353,056**	1,215,561
Interest paid or included in other payables	**(1,343,579)**	(1,187,933)
At 30 June	**32,187,765**	41,890,437

(c) Medium-term notes

On 27 April 2017, the Company issued 10,000,000 units of medium-term notes at a par value of RMB1.0 billion in the PRC (the "2017 Medium-term Notes I"). The interest rate of the 2017 Medium-term Notes I was fixed at 5.25% per annum. On 28 April 2020, the Company redeemed the 2017 Medium-term Notes I at a redemption price equal to 100% of the principal amount.

On 3 July 2017, the Company further issued 10,000,000 units of medium-term notes at a par value of RMB1.0 billion in the PRC (the "2017 Medium-term Notes II", and together with the 2017 Medium-term Notes I, the "2017 Medium-term Notes"). The interest rate of the 2017 Medium-term Notes II is fixed at 5.50% per annum. The 2017 Medium-term Notes II will mature after three years from the issue date.

The carrying amount of the 2017 Medium-term Notes amounted to RMB999,839,000.

	Six months ended 30 June	
	2020	2019
At 1 January	**1,998,817**	1,996,516
Redemption	**(1,000,000)**	–
Interest charged (Note 17)	**44,541**	54,485
Interest paid or included in other payables	**(43,519)**	(53,309)
At 30 June	**999,839**	1,997,692

13. BORROWINGS (continued)

(d) Senior notes

The senior notes are the only direct, unsubordinated, unconditional and secured obligations of the relevant issuers.

(i) 2017 Notes

On 13 January 2017, a subsidiary of the Group, Easy Tactic Limited ("Easy Tactic") issued 5.75% senior notes due 13 January 2022 in the aggregate principal amount of USD265,000,000 with the issue price 99.146% of the principal amount (the "2017 Original Notes").

On 20 January 2017, Easy Tactic further issued 5.75% senior notes due 13 January 2022 in the aggregate principal amount of USD460,000,000 with the issue price 99.146% of the principal amount, plus accrued interest from (and including) 13 January 2017 to (but excluding) 20 January 2017 (the "2017 Additional Notes" and, together with the 2017 Original Notes, the "2017 Notes I"). The net proceeds of the 2017 Notes I, after deducting the transaction costs, amounted to RMB4,880,042,000.

2017 Notes II

On 13 October 2017 and 27 October 2017, a subsidiary of the Group, Trillion Chance Limited ("Trillion Chance") issued 5.25% senior notes due 11 October 2018 in the aggregate total principal amount of USD800,000,000 with the issue price 100% of the principal amount (the "2017 Notes II").

On 27 April 2018, Trillion Chance settled a Tender Offer and accepted for purchase the 2017 Notes II in the aggregate principal amount of USD400,000,000 in a price equal to 100.6% of the principal amount. On 11 October 2018, Trillion Chance redeemed the remaining 2017 Notes II in the aggregate principal amount of USD400,000,000 in a price equal to 100% of the principal amount.

2017 Notes III

On 17 November 2017, Easy Tactic issued 5.875% senior notes due 13 February 2023 in the aggregate principal amount of USD500,000,000 with the issue price 100% of the principal amount (the "2017 Notes III – Original Notes").

On 9 January 2018, Easy Tactic further issued 5.875% senior notes due 13 February 2023 in the aggregate principal amount of USD100,000,000 with the issue price 99.426% of the principal amount, plus accrued interest from (and including) 17 November 2017 to (but excluding) 9 January 2018 (the "2017 Notes III – Additional Notes" and, together with the 2017 Notes III – Original Notes, the "2017 Notes III"). The net proceeds of the 2017 Notes III, after deducting the transaction costs, amounted to RMB3,891,552,000.

13. BORROWINGS (continued)

(d) Senior notes (continued)

(ii) 2018 Notes

2018 Notes I

On 15 February 2018, Trillion Chance issued 5.000% senior notes due 13 February 2019 in the aggregate principal amount of USD350,000,000 with the issue price 100% of the principal amount (the “2018 Notes I”). The net proceeds of the 2018 Notes I, after deducting the transaction costs, amounted to RMB2,206,205,000.

On 13 February 2019, Trillion Chance redeemed the 2018 Notes I in full at a redemption price equal to 100% of the principal amount.

2018 Notes II

On 25 April 2018, Easy Tactic issued 7.000% senior notes due 25 April 2021 in the aggregate principal amount of USD600,000,000 with the issue price 100% of the principal amount (the “2018 Note II – Original Notes”).

On 12 June 2018, Easy Tactic further issued 7.000% senior notes due 25 April 2021 in the aggregate principal amount of USD200,000,000 with the issue price 97.467% of the principal amount, plus accrued interest from (and including) 25 April 2018 to (but excluding) 12 June 2018 (the “2018 Note II – Additional Notes” and, together with the 2018 Note II – Original Notes, the “2018 Notes II”). The net proceeds of the 2018 Notes II, after deducting the transaction costs, amounted to RMB4,934,901,000.

2018 Notes III

On 27 September 2018, Easy Tactic issued 8.875% senior notes due 27 September 2021 in the aggregate principal amount of USD200,000,000 with the issue price 100% of the principal amount (the “2018 Notes III”). The net proceeds of the 2018 Notes III, after deducting the transaction costs, amounted to RMB1,348,168,000.

2018 Notes IV

On 10 October 2018, Trillion Chance issued 7.500% senior notes due 8 October 2019 in the aggregate principal amount of USD300,000,000 with the issue price 100% of the principal amount (the “2018 Notes IV”). The net proceeds of the 2018 Notes IV, after deducting the transaction costs, amounted to RMB2,024,139,000.

On 9 August 2019, Trillion Chance redeemed 50% of the 2018 Notes IV at a redemption price equal to 100.5% of the principal amount. On 16 August 2019, Trillion Chance redeemed the remaining 50% of the 2018 Notes IV at a redemption price equal to 101% of the principal amount.

13. BORROWINGS (continued)

(d) Senior notes (continued)

(iii) 2019 Notes

2019 Notes I

On 10 January 2019, Easy Tactic issued 8.75% senior notes due 10 January 2021 in the aggregate principal amount of USD500,000,000 with the issue price 99.775% of the principal amount (the "2019 Notes I – Original Notes").

On 17 January 2019, Easy Tactic further issued 8.75% senior notes due 10 January 2021 in the aggregate principal amount of USD200,000,000 with the issue price 100% of the principal amount, plus accrued interest from (and including) 10 January 2019 to (but excluding) 17 January 2019 (the "2019 Notes I – Additional Notes" and, together with the 2019 Note I – Original Notes, the "2019 Notes I"). The net proceeds of the 2019 Notes I, after deducting the transaction costs, amounted to RMB4,684,987,000.

On 10 March 2020, Easy Tactic redeemed the 2019 Note I with principal amount of USD325,000,000 at a redemption price equal to 102.5% of the principal amount.

2019 Notes II

On 28 January 2019, Easy Tactic issued 9.125% senior notes due 28 July 2022 in the aggregate principal amount of USD300,000,000 with the issue price 99.633% of the principal amount (the "2019 Notes II"). The net proceeds of the 2019 Notes II, after deducting the transaction costs, amounted to RMB1,984,095,000.

2019 Notes III

On 27 February 2019, Easy Tactic issued 8.125% senior notes due 27 February 2023 in the aggregate principal amount of USD450,000,000 with the issue price 100% of the principal amount and 8.625% senior notes due 27 February 2024 in the aggregate principal amount of USD375,000,000 with the issue price 100% of the principal amount (the "2019 Note III – Original Notes").

On 17 June 2019, Easy Tactic further issued 8.125% senior notes due 27 February 2023 in the aggregate principal amount of USD425,000,000 with the issue price 98.812% of the principal amount, plus accrued interest from (and including) 27 February 2019 to (but excluding) 17 June 2019 (the "2019 Notes III – Additional Notes" and, together with the 2019 Note III – Original Notes, the "2019 Notes III"). The net proceeds of the 2019 Notes III, after deducting the transaction costs, amounted to RMB8,272,544,000.

2019 Notes IV

On 11 July 2019, Easy Tactic issued 8.125% senior notes due 11 July 2024 in the aggregate principal amount of USD450,000,000 with the issue price 100% of the principal amount (the "2019 Notes IV"). The net proceeds of the 2019 Notes IV, after deducting the transaction costs, amounted to RMB3,043,408,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

13. BORROWINGS (continued)

(d) Senior notes (continued)

(iv) 2020 Notes

2020 Note I

On 5 March 2020, Easy Tactic issued 8.625% senior notes due 5 March 2024 in the aggregate principal amount of USD400,000,000 with the issue price 100% of the principal amount (the "2020 Notes I"). The net proceeds of the 2020 Notes I, after deducting the transaction costs, amounted to RMB2,789,471,000.

As at 30 June 2020, all senior notes were guaranteed by certain subsidiaries of the Group and were secured by shares of certain offshore subsidiaries of the Group.

The effective interest rate of senior notes ranged from 6.25% to 9.81% (six months ended 30 June 2019: 6.25% to 9.81%).

The movements of senior notes are set out below:

	Six months ended 30 June	
	2020	2019
At 1 January	**34,607,114**	20,131,138
Issuance	**2,733,791**	14,941,626
Redemption	**(2,255,143)**	(2,371,775)
Interest charged (Note 17)	**1,497,264**	1,123,456
Interest paid or included in other payables	**(1,406,859)**	(1,039,773)
Foreign exchange loss	**527,191**	238,031
At 30 June	**35,703,358**	33,022,703

The carrying amounts of the Group's senior notes are denominated in USD.

The fair values of the senior notes as at 30 June 2020 amounted to RMB33,460,347,000 (31 December 2019: RMB32,313,312,000). The fair values were determined directly by reference to the price quotations published by Bloomberg on the last trading day of the period ended 30 June 2020 and were within level 1 of the fair value hierarchy.

(All amounts in RMB Yuan thousands unless otherwise stated)

13. BORROWINGS (continued)

(e) Other borrowings

The movements of other borrowings are set out below:

	Six months ended 30 June	
	2020	2019
At 1 January	**23,438,999**	18,188,367
Additions	**11,960,850**	7,358,839
Repayments	**(9,863,310)**	(1,354,504)
Disposal of a subsidiary	**(1,800,000)**	–
Interest charged (Note 17)	**1,149,863**	956,164
Interest paid or included in other payables	**(1,147,372)**	(956,164)
Currency translation difference	**(62,205)**	20,739
At 30 June	**23,676,825**	24,213,441

Certain subsidiaries of the Group (the "Project Companies") have entered into funding arrangements with certain financial institutions (the "Trustees"), under which the Trustees have raised funds from third parties and injected the funds to the Project Companies.

The carrying amounts of other borrowings as at 30 June 2020 are denominated in RMB, GBP, AUD and USD.

The effective interest rate of other borrowings ranged from 4.60% to 12.36% (six months ended 30 June 2019: 4.75% to 12.36%).

(f) Super & Short-term Commercial Papers ("SCPs")

The SCPs have been listed on the Inter-bank Bond Market.

The movements of SCPs are set out below:

	Six months ended 30 June	
	2020	2019
At 1 January	**999,883**	5,168,603
Additions	**699,067**	5,791,317
Redemption	**(1,700,000)**	(5,170,000)
Interest charged (Note 17)	**15,183**	197,769
Interest paid or included in other payables	**(14,133)**	(192,181)
At 30 June	**–**	5,795,508

(All amounts in RMB Yuan thousands unless otherwise stated)

13. BORROWINGS (continued)

(g) As at 30 June 2020, bank and other borrowings totalling RMB106,529,731,000 (31 December 2019: RMB107,877,727,000) of the Group were secured by the following assets and the Group's shares of certain subsidiaries:

	As at	
	30 June 2020	31 December 2019
Right-of-use assets	**1,383,744**	1,388,219
Property, plant and equipment	**27,218,172**	27,477,883
Investment properties	**19,337,081**	19,114,336
Properties under development	**76,548,800**	70,921,134
Completed properties held for sale	**5,429,903**	6,396,534
Restricted cash	**3,385,234**	3,375,432
	133,302,934	128,673,538

(h) The majority of unsecured bank and other borrowings were supported by guarantees issued by the Company or subsidiaries. Details are as follows:

	As at	
	30 June 2020	31 December 2019
Guarantors:		
– The Company	**7,383,556**	6,493,800
– Subsidiaries	**4,935,811**	5,601,469
	12,319,367	12,095,269

14. ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 2020	31 December 2019
Amounts due to joint ventures (Notes (a))	**6,686,757**	6,506,090
Amounts due to associates (Notes (a))	**229,449**	207,523
Amounts due to entities jointly controlled by major shareholders of the Company (Note (a))	**6,008,190**	62,003
Construction payables (Note (b))	**39,714,201**	39,201,447
Other payables and accrued charges (Note (c))	**35,648,057**	37,928,807
	88,286,654	83,905,870

Notes:

(a) Other than the balance with a joint venture of the Group, which is interest bearing, unsecured and repayable on demand, the amounts are unsecured, interest free and repayable on demand.

(b) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.

(c) The balance mainly represents interest payables, accruals, salary payables and other taxes payable excluding income tax.

(d) The carrying amounts of accruals and other payables approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

15. OTHER INCOME

	Six months ended 30 June	
	2020	2019
Interest income	**217,872**	261,010
Other operating income	**81,700**	145,198
Forfeited deposits from customers	**76,024**	21,411
Others	**7,634**	7,409
	383,230	435,028

16. OTHER GAINS – NET

	Six months ended 30 June	
	2020	2019
Revaluation gains on investment properties transferred from completed properties held for sale	**1,994,155**	–
Fair value gains on investment properties – net	**298,416**	435,172
Gains on disposals of subsidiaries	**678,795**	–
Gains on disposal of certain equity interests in an associate	**674,822**	–
Losses on disposals of intangible assets	**(20,942)**	(2,311)
Gains/(losses) on disposals of property, plant and equipment	**478**	(2,678)
Others	**(10,598)**	22,256
	3,615,126	452,439

17. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
Interest expenses:		
– bank borrowings	**3,009,287**	2,773,944
– domestic bonds (Note 13 (b))	**1,353,056**	1,215,561
– medium-term notes (Note 13 (c))	**44,541**	54,485
– senior notes (Note 13 (d))	**1,497,264**	1,123,456
– other borrowings (Note 13 (e))	**1,149,863**	956,164
– SCPs (Note 13 (f))	**15,183**	197,769
– lease liabilities	**6,519**	8,716
	7,075,713	6,330,095
Early redemption premium for senior notes	**56,794**	–
Net foreign exchange losses	**1,124,521**	126,872
Less: finance costs capitalised	**(4,864,976)**	(4,049,328)
	3,392,052	2,407,639

(All amounts in RMB Yuan thousands unless otherwise stated)

18. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
Current income tax		
– enterprise income tax (Note (b))	**2,648,309**	2,931,928
– PRC land appreciation tax (Note (c))	**1,373,769**	1,854,610
Deferred income tax	**(1,310,556)**	(1,542,640)
	2,711,522	3,243,898

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the period (six months ended 30 June 2019: Nil).

(b) Enterprise income tax

Enterprise income tax is computed according to the relevant laws and regulations enacted in the countries where the Group operated and generated taxable income.

In respect of the applicable income tax rates for the period ended 30 June 2020, the companies in the PRC, Cambodia, Malaysia were primarily taxed at 25%, 20% and 24% (six months ended 30 June 2019: 25%, 20% and 24%) on their profits, respectively.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights and development and construction expenditures.

19. DIVIDENDS

	Six months ended 30 June	
	2020	2019
Interim dividend of RMB0.38 (2019: RMB0.42) per ordinary share	**1,328,240**	1,353,394

An interim dividend in respect of the six months ended 30 June 2020 of RMB0.38 per ordinary share, totalling RMB1,328,240,000 was proposed by the board of directors (six months ended 30 June 2019: RMB1,353,394,000). This interim dividend has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ended 31 December 2020.

(All amounts in RMB Yuan thousands unless otherwise stated)

20. FINANCIAL GUARANTEE CONTRACTS

The face values of the financial guarantees issued by the Group as at 30 June 2020 are analysed as follows:

	As at	
	30 June 2020	31 December 2019
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	**90,127,566**	85,042,299
Guarantees in respect of borrowings of joint ventures and associates (Note (b))	**6,099,982**	4,699,596
	96,227,548	89,741,895

Notes:

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to the bank over the repayment obligations of the purchasers. Such guarantees terminate upon the earlier of (i) issuance of the certificate of real estate ownership which will generally be available within an average period of 25 months upon the completion of guarantee registration; or (ii) the satisfaction of relevant mortgage loan by the purchasers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends when the certificate of real estate ownership for the mortgage is issued and submitted to the banks. The directors consider that the fair value of these contracts at date of inception was minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) The balance represents the maximum exposure of the guarantee provided for joint ventures and associates for their borrowings.

21. COMMITMENTS

Commitments for capital and property development activities

	As at	
	30 June 2020	31 December 2019
Contracted but not provided for		
– Property development activities (including land premium)	**24,550,263**	26,210,200
– Acquisition of hotels	**138,040**	138,040
	24,688,303	26,348,240

(All amounts in RMB Yuan thousands unless otherwise stated)

22. RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Dr. Li Sze Lim and Mr. Zhang Li, who own 31.10% and 29.52%, respectively, of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties. The following transactions were carried out with related parties:

(a) Key management compensation

	Six months ended 30 June	
	2020	2019
Salaries and welfare benefits	**13,545**	11,631

(b) Provision of property management services

	Six months ended 30 June	
	2020	2019
Joint ventures	**3,624**	26,199
Associates	**1,815**	5,528
	5,439	31,727

(c) Provision of decoration, design and construction service

	Six months ended 30 June	
	2020	2019
Joint ventures	**199,829**	415,147
Associates	**21,616**	37,381
Entities jointly controlled by major shareholders of the Company	**–**	849
	221,445	453,377

(d) Provision of consultation services

	Six months ended 30 June	
	2020	2019
Joint ventures	**6,033**	–

(All amounts in RMB Yuan thousands unless otherwise stated)

22. RELATED-PARTY TRANSACTIONS (continued)

(e) Provision of technology services

	Six months ended 30 June	
	2020	2019
Joint ventures	**6,927**	6,664
Associates	**–**	388
	6,927	7,052

(f) Provision of management services

	Six months ended 30 June	
	2020	2019
Associates	**8,920**	–

(g) Purchase of property management services

	Six months ended 30 June	
	2020	2019
Entities jointly controlled by major shareholders of the Company	**150,460**	–

(h) Interest income on loans to related parties

	Six months ended 30 June	
	2020	2019
Joint ventures	**27,169**	–
Associates	**6,515**	–
	33,684	–

(All amounts in RMB Yuan thousands unless otherwise stated)

22. RELATED-PARTY TRANSACTIONS (continued)

(i) Interest expense on borrowings due to related parties

	Six months ended 30 June	
	2020	2019
A joint venture	**22,335**	–
Major shareholders	**52,393**	–
	74,728	–

(j) Transfer of equity interest in subsidiaries

	Six months ended 30 June	
	2020	2019
Entities jointly controlled by major shareholders of the Company	**300,000**	–

The Group transferred its 100% equity interests in 廣州天力物業發展有限公司 and its subsidiaries to 廣州富星投資諮詢有限公司, an entity jointly controlled by Dr. Li Sze Lim and Mr. Zhang Li at a consideration of RMB300,000,000 on 9 April 2020.

(k) Advance from a related party

	Six months ended 30 June	
	2020	2019
Entity jointly controlled by major shareholders of the Company	**5,828,600**	–

(l) Repayment of borrowings due to related parties

	Six months ended 30 June	
	2020	2019
Major shareholders	**70,000**	–

(All amounts in RMB Yuan thousands unless otherwise stated)

22. RELATED-PARTY TRANSACTIONS (continued)

(m) Provision of guarantees for borrowings

The Group and certain other shareholders of the joint ventures and associates have jointly provided guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purpose. As at 30 June 2020, the Group's guarantees for borrowings provided to its joint ventures and associates are shown as follows:

(i) Bank and other borrowings

	As at	
	30 June 2020	31 December 2019
Joint ventures	**4,181,838**	3,441,866
Associates	**1,016,275**	1,012,042
	5,198,113	4,453,908

23. THE IMPACT FROM 2019 NOVEL CORONAVIRUS ("COVID-19")

The outbreak of the COVID-19 had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the industry of real estate including the construction and delivery of properties, rental revenue and occupancy rate of investment properties, allowance for expected credit losses on trade and other receivables, fair value of investment properties and so on. During the six months ended 30 June 2020, revenue and the operation result of the Group's Hotel Operations segment was inevitably impacted by the quarantine measures in the PRC. As of the date that the condensed consolidated interim financial information is authorised for issue, many of the quarantine measures within PRC have been relaxed while the Group's hotel operation is in the process of gradual recovery. The Directors will keep continuous attention on the situation of the COVID-19 and assess its impact on the financial position and operating results of the Group.

SUPPLEMENTARY INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the period ended 30 June 2020 in accordance with China Accounting Standards for Business Enterprises ("CAS"). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	Profit for the period ended 30 June		**Total equity as at**	
	2020	2019	**30 June 2020**	31 December 2019
As stated in accordance with CAS	**2,514,315**	4,170,295	**80,617,047**	79,769,249
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gain arising from business combinations	**(1,666)**	(772)	**38,173**	39,839
2. Deferred taxation	**416**	193	**(9,547)**	(9,963)
3. Revaluation gains on investment properties transferred from completed properties held for sale – net of tax	**1,495,616**	–	**–**	–
4. Revaluation model of subsequent measurement for hotel buildings – net of tax	**(91,693)**	–	**5,249,845**	–
As stated in accordance with HKFRS	**3,916,988**	4,169,716	**85,895,518**	79,799,125

Notes:

1. The Group adopted SSAP27 "Accounting for Group Reconstructions" for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in November 2005. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when non-controlling interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.

2. It refers to the effects of deferred tax arising from the above adjustments.

3. The revaluation gains on investment properties transferred from properties under development was recognised in income statement under HKFRS, while in accordance with CAS was recognised in other comprehensive income.

4. The Group changed its accounting policies on hotel buildings to follow the revaluation model under HKAS 16 with effective from 1 January 2020.